

San Diego River Conservancy

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Mike Chrisman
Secretary of
Resources Agency



Arnold Schwarzenegger
Governor

June 30, 2004

Mr. John Lloyd
Assistant Program Budget Manager for Resources
California Department of Finance
915 L Street, 9th Floor
Sacramento, CA 95814-3700

Dear Mr. Lloyd:

REQUEST FOR REAPPROPRIATION OF FY 03/04 SUPPORT BUDGET, REQUEST FOR EXTENSION OF DEADLINE TO ENCUMBER CAPITAL OUTLAY FUNDS, PROPOSED FY 04/05 SUPPORT BUDGET, PROPOSED EXPENDITURES FOR REAPPROPRIATED FY 03/04, AND PROPOSED EXPENDITURES FOR FY 05/06

The purpose of this letter is to request reappropriation of the San Diego River Conservancy's (SDRC's) FY 03/04 Support Budget. The SDRC is also requesting an extension of the deadline to encumber the remaining \$7.8 million of Capital Outlay funds appropriated to the Resources Agency and earmarked for the San Diego River.

Per our discussion, I have enclosed a rough proposed Support Budget for FY 04/05. I have also included a schedule of Proposed Expenditures to indicate how the SDRC would use the FY 03/04 Support funds, if reappropriated. In addition, I have included a rough schedule of Proposed "Baseline" Expenditures for FY 05/06. Justification for the reappropriation and extension requests and supporting information is provided below. Mr. Don Wallace of the Resources Agency has reviewed and approved this information.

Estimate of Remaining FY 03/04 Support Budget

The SDRC requests that all of its remaining FY 03/04 Support funds be reappropriated into its FY 04/05 budget. The original FY 03/04 Support Budget for the SDRC was \$265,000. Although the exact current balance is unknown, I am estimating that approximately \$220,000 remains. Expenditures to date include my salary (at \$84,000 since April 19, 2004), approximately \$12,000 of computer equipment, and other start-up expenditures made by the State Coastal Conservancy on behalf of the SDRC.

Justification for Reappropriation of FY 03/04 Support Budget: Conduct One-Time Planning and Priority-Setting Activities

The SDRC is requesting the reappropriation of its FY 03/04 Support Budget because it has only recently selected its first Executive Officer and has not yet had an opportunity to expend the Support Budget for its intended purpose. If reappropriated, the Conservancy would use the funds to conduct one-time big picture planning activities including establishing Programs and

setting priorities for the expenditure of Capital Outlay funds. The Conservancy plans to accomplish these activities using an overall Programmatic approach similar to the approach used by the State Coastal Conservancy and the California Tahoe Conservancy. Specific activities will include defining objectives (derived from the enabling statute), developing an Agency mission statement, defining a Program around each objective, and establishing priority-ranking methodology/criteria. General and Program-specific criteria will be developed as appropriate. Each Program will be implemented through a series of projects. An initial set of projects will be identified during the planning process. The ranking criteria will then be applied to both Programs and projects to establish Conservancy priorities for the expenditure of Capital Outlay funds. Written policies and procedures for land acquisition, awarding grants and other Capital Outlay expenditures will also be developed. Finally, an estimate of individual project costs, Program costs, and overall Conservancy fiscal needs will be developed.

At this time, it is anticipated that the Conservancy will hire a variety of consulting services to (1) assist in the overall planning process (development and review of documents); (2) conduct/facilitate a full public stakeholder participation process (including numerous public workshops and hearings); (3) conduct all necessary real property appraisals; and (4) prepare estimates of overall project and Program costs. Consultants may also be used to (5) develop an "Ownership Inventory" of all parcels along the entire 52-mile length of the San Diego River within the SDRC's jurisdiction (i.e., one-half mile on either side of the center-line of the River). The Inventory will likely consist of a database of key information about each parcel and a GIS-based map. An inventory is needed to identify current potential acquisition opportunities, track the status of each parcel over time, and for priority-setting purposes.

The San Diego River is probably the most degraded river in the San Diego Region, especially in its the lower reaches. Extensive urban development, hydromodification, and mining operations have resulted in significant insults to the River. Land use issues in the San Diego River Area are complex and controversial. There are six local governments in the San Diego River Watershed; the River directly transects three. A few local governments have developed Master Plans for the River and a generalized Conceptual Plan for the San Diego River Park has also been developed. The Conservancy's planning activities will build upon, but will not duplicate, these efforts. The Conservancy's planning activities will be "Regional" in scope and designed to transcend individual jurisdictional boundaries. There are 52 very active community groups, two nonprofit organizations, and over 500,000 residents in the San Diego River Watershed alone. Approximately 25 federal and state listed species inhabit the San Diego River Area and the Area is also rich in historical and cultural resources. To further complicate the situation, approximately 75% of the watershed was burned in the October 2003 Cedar fire.

I am currently estimating the overall cost of the Conservancy's one-time planning and priority-setting activities at approximately \$220,000 including consulting and professional services (interdepartmental¹ and external), printing, postage, and related travel. Although I have not yet had an opportunity to obtain quotes, it is my understanding from talking to Undersecretary of

¹ The estimated \$11,000 for interdepartmental consulting and professional services would employ one Senior Environmental Scientist for approximately 1.5 months.

Resources Karen Scarborough, that typical planning efforts can cost up to \$500,000. My goal will be to use the reappropriated funds as efficiently as possible and to make the available dollar amount suffice.

It is important to point out that the enabling statute directs the Conservancy to (1) conduct necessary planning activities; (2) establish priorities to be given to projects consistent with the purposes of the San Diego River Conservancy Act; and (3) establish policies and priorities within the San Diego River Area. [San Diego River Conservancy Act section 32653 (b)(c)]. These early activities are fundamental to the success of the Conservancy and will serve to guide its course into the near-term future. They will also serve as the first steps in the Conservancy's long-range strategic planning effort.

In addition, the Resources Agency has made an informal policy decision that it will not award any further grants from its San Diego River line-item appropriations until the SDRC has established priorities for the remaining \$7.8 million. The Resources Agency has been waiting for the SDRC to commence operations and set priorities.

The attached schedule of proposed expenditures for the reappropriated FY 03/04 Support Budget is very rough. At this time, we are planning to spend the entire reappropriated amount on the one-time planning and priority-setting activities needed to comply with the enabling statute. However because it is so early in the process, the Conservancy wishes to retain maximum flexibility regarding specific expenditure classifications.

**Proposed FY 04/05 Support Budget and Proposed "Baseline" Expenditures for FY 05/06:
Further Justification for FY 03/04 Reappropriation Request**

Per your request, I have attached a rough FY 04/05 Support Budget for the San Diego River Conservancy, including Summary by Object 1 State Operations; Salary and Wages Supplement; and Operating Expenses and Equipment (OE&E). I have also included a schedule of Proposed Expenditures for FY 05/06 which represents my best current estimate of the SDRC's "baseline" expenditures. The only difference between the proposed expenditures for FY 05/06 and the proposed expenditures for FY 04/05 is that in FY 04/05, general expenses are projected to be \$5,000 higher and consulting and professional services are projected to be \$5,000 lower.

The \$5,000 general expenses increase is needed for the initial purchase of basic supplies and equipment. As a startup Agency, the SDRC currently has no supplies or equipment of any kind other than computer equipment ordered two weeks ago (using approximately \$12,000 of FY 03/04 Support funds). The State Coastal Conservancy has provided administrative support for the SDRC since its creation. Since my appointment as Executive Officer on April 19, 2004, the San Diego Regional Water Quality Control Board (my previous employer) has, on an interim basis, provided me with all necessary office space, computers, phones, and supplies at no cost to the SDRC. The State Coastal Conservancy is also continuing to provide a significant level of administrative support.

As a consequence of reserving \$5,000 for startup equipment and supplies (and assuming all other costs remain fixed), the total amount available for external consulting and professional services in FY 04/05 has been reduced from the \$11,500 baseline, to \$6,500. Six thousand five hundred dollars for consulting services is believed to be significantly insufficient for the year in which initial planning and priority-setting activities are to be conducted. The lack of adequate funding for consulting services in FY 04/05 further demonstrates and emphasizes the need for reappropriation of the remaining FY 03/04 funds (the majority of which will be used to augment the FY 04/05 consulting services allocation).

As shown in the attached schedule of proposed expenditures, the Conservancy's FY 04/05 Support Budget will be used to conduct day-to-day business and to initiate implementation of the Conservancy's newly established Programs and priorities. The Conservancy is counting on the FY 04/05 Support Budget to fund salaries for the Executive Officer and one assistant (still to be hired), general expenses, facility operations, and travel, etc. You will note that relative to the original FY 04/05 proposed Budget submitted by State Coastal Conservancy on behalf of the SDRC, I have increased the total salary and wages amount to accommodate my request to upgrade the assistant's classification from Executive Secretary to Associate Governmental Program Analyst. I am proposing to pay for this upgrade with the savings realized by leasing office space from the Regional Water Quality Control Board.

Extension of Deadline to Encumber Remaining \$7.8 Million Capital Outlay Funds

The Conservancy is also requesting that the deadline to encumber the remaining \$7.8 million in Capital Outlay/Local Assistance funds earmarked for the San Diego River be extended from June 2005 to June 2007. We are requesting a commensurate extension of the deadline to fully expend the funds from June 2007 to June 2009. These funds were three-year line-item appropriations from Propositions 13 and 40 to the Resources Agency in the FY 02/03 Budget Act. Of the original \$12 million appropriations, \$7.8 million currently remains. The San Diego River Park/Lakeside Conservancy used \$4.2 million to acquire an 80-acre CALMAT parcel adjacent to the River in Lakeside.

We are requesting extension of the deadline to allow the San Diego River Conservancy time to establish priorities and thoroughly assess all potential acquisition opportunities. Although the Conservancy will not be precluded from acting at any time, the extension of the deadline will provide significantly greater flexibility and ensure the most wise and best expenditure of the funds.

Conclusion

I have been working with Mr. Bob Franzoia and Ms. Miriam Ingenito of Senate Appropriations on these requests and had the opportunity to briefly meet Senator Alpert. It is my understanding that Senator Alpert has agreed to put the SDRC's request for reappropriation of the FY 03/04 Support Budget on the "NIC" list for consideration by the Budget Conference Committee. It is my understanding the Senator may also be willing to consider adding the deadline extension request to the NIC list as well.

Assemblymember Christine Kehoe and her staff are very supportive of the SDRC's requests. I have also discussed these requests with Mr. David Harper of your office, as well as Undersecretary Karen Scarborough and Mr. Don Wallace of the Resources Agency (who suggested I contact Ms. Ingenito regarding reappropriation). In addition, I have contacted each of the Chief Consultants for the numerous applicable Appropriations, Budget and Fiscal Committees (for both houses and both parties), the Legislative Analyst's Office, and the Chiefs of Staff for key legislative Committee Members to keep them informed and ask for their support.

Although the San Diego River Conservancy's Governing Board as a whole has not had an opportunity to formally support the above actions (next Board meeting is not until July 9), I have individually briefed nearly all of the Board members. Each of the Board members I have spoken to are individually very supportive and most appreciative of all efforts to prevent the loss of the Conservancy's existing resources and to provide greater fiscal flexibility.

I would greatly appreciate your support and assistance in securing the requested reappropriation and deadline extension. Please let me know if additional information is needed or if I should plan to attend an upcoming Budget Conference Committee meeting. I can be reached at (858) 467-2972 (office phone) or (858) 336-2324 (cell phone) or by e-mail at djayne@rb9.swrcb.ca.gov.

Sincerely,

Deborah S. Jayne
Executive Officer

Enclosures: Proposed FY 04/05 Support Budget for San Diego River Conservancy
Proposed Expenditures for Reappropriated FY 03/04 Support Budget
Proposed "Baseline" Expenditures for FY 05/06

cc by e-mail: Senator Deirdre (Dede) Alpert, Thirty-Ninth District, Chair Senate Appropriations
Assemblymember Christine Kehoe, Seventy-Sixth District, Speaker pro Tempore
David Harper, Deputy Director, Department of Finance
Fred Klass, Program Budget Manager, Department of Finance
Karen Scarborough, Undersecretary, Resources Agency
Don Wallace, Assistant Secretary of Administration and Finance, Resources Agency
Bob Franzosa, Deputy Director, Senate Appropriations Committee
Miriam Ingenito, Consultant, Senate Appropriations Committee
Chris Shultz, Capitol Director for Senator Alpert
Michael Miiller, Chief of Staff for Assemblymember Kehoe
Steve Archibald, Chief Consultant, Assembly Appropriations Committee
Mary Shallenberger, Chief of Staff for Senator John Burton, President pro Tempore
Carol Baker, Chief of Staff for Fabian Nunez, Speaker of the Assembly
Kasey Schimke, Chief Consultant, Assembly Democratic Fiscal Committee
Chris Holtz, Chief Consultant, Assembly Republican Fiscal Committee
Keely Bosler, Chief Consultant, Senate Democratic Fiscal Committee
Therese Tran, Chief Consultant, Senate Republican Fiscal Committee

Mark Newton, Director, Legislative Analyst's Office (Resources / Environmental Protection)
Michelle Baass, Consultant, Legislative Analyst's Office (Resources / Environmental Protection)
Deanna Spehn, Senior Consultant for Assemblymember Kehoe
Myrna Zambrano, District Director for Assemblymember Kehoe
Jessica Osorio, District Representative for Senator Alpert
Regine Serrano, Chief of Administrative Services, State Coastal Conservancy

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